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SUBJECT: WORLD BANK RESREP EXPRESSES DOUBTS ABOUT MINFIN

1. (SBU) SUMMARY. World Bank Country Manager Siaka Bakayoko told Econoff that he came away from his first meeting with Finance Minister Captain Mamadou Sande with the sense that Sande was a "tin soldier," a CNDD loyalist with no experience who would have difficulty meeting Guinea's financial challenges. Though Sande seems to have no working knowledge of Guinea's IMF or HIPC debt relief programs, Bakayoko said he believed that Sande would "be able to get by" if he allowed technocrats at the Ministry of Finance to guide him. Ultimately, Dadis' appointment of a CNDD loyalist at Finance seems to indicate that the president has made an iron grip on state coffers the primary task for the Ministry of Finance. END SUMMARY.

2. (SBU) On 22 January, World Bank Country Manager Siaka Bakayoko met with newly appointed Finance Minister Captain Mamadou Sande. This was his first meeting with Sande, a captain who reportedly has training in economics and finance, but little in the way of practical experience. Bakayoko told Econoff that he planned to discuss ongoing World Bank projects with Sande, and to receive a status report on Guinea's progress towards debt relief under the HIPC program.

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PLEASE RELEASE WORLD BANK FUNDS  
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3. (SBU) Bakayoko began by attempting to convince Sande to release World Bank project funds to local development partners. Recently, the military junta froze the accounts of all World Bank partners (reftel) in an attempt to impose greater fiscal control over ongoing projects. Bakayoko said he told Sande that delaying the programs would render the programs less effective, and that in effect Guinea is hurting itself by continuing the freeze.

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GUINEA'S TIN SOLDIER  
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4. (SBU) According to Bakayoko, Sande completely failed to grasp this point, and immediately began repeating CNDD talking points that often bore no relationship to the issue at hand. Sande reportedly said that it was the military's job to "put Guinea's house in order," that "the CNDD represents a new Guinea," and that "we are patriots, we are Guineans; you must trust us" to right the ship of state. As Sande spoke, Bakayoko said that the new Minister of Finance reminded him of a "tin soldier," a loyal idealist who simply repeated the party line again and again.

5. (SBU) Bakayoko countered by saying that he believed that the financial integrity of existing World Bank projects was not in question. Many of the projects are over five years old, he said, and the Bank releases funds in amounts only as high as \$500,000, a sum that represents very little exposure for the Bank. Bakayoko told Econoff that the projects' program managers must be ultimately responsible for the funds, not the Guinean military, and that he did

not understand the junta's reluctance to unfreeze the accounts.

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ALMOST NO KNOWLEDGE OF THE HIPC PROGRAM  
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¶16. (SBU) Moving to his second goal of briefing the new Finance Minister on Guinea's compliance with the IMF program, Bakayoko informed Sande that Guinea was currently delinquent on its 1 January loan payment of \$1.31 million. On 15 January, Guinea missed a second payment of \$1.09 million, putting their outstanding obligations at roughly \$2.41 million as of 22 January. Bakayoko told Sande that should Guinea remain delinquent for 30 days--i.e. fail to make the \$1.31 million payment by 31 January--the country would be in arrears and the IMF program would officially be off track. As the IMF program is one of the triggers for HIPC debt relief, failing to render payment would cause Guinea to miss the completion point. Bakayoko noted that the payment is due in U.S. dollars.

¶17. (SBU) Bakayoko told Econoff that after his briefing, he believed that neither the outgoing minister nor the ministry's staff believed to have briefed Sande, who appeared to have almost no knowledge of the HIPC program's structure or timeline, nor an idea of what his priorities as Minister should be. Bakayoko further told Econoff that he did not know if the junta would be able to make the payment on time. However, in the coming days, Bakayoko said an indicator of the state of the Guinean treasury will be if the junta is able to make a scheduled salary payment to civil servants. If the GoG accomplishes that task, it might then be able to harness the required resources to make the delinquent payment of \$1.31 million

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as well.

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THINGS COULD GO TWO WAYS...  
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¶19. (SBU) When asked if he thought Sande would be someone the World Bank could work with to eventually understand the HIPC process and the IMF program, Bakayoko said that "it could go two ways." If Sande decides to trust the core staff at the Ministry of Finance to guide him through the process, then he said "they will be able to get by." However, if Sande "tries to change the world, then we're going to have a rough time."

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COMMENT  
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¶10. (SBU) Reaching the HIPC completion point--and obtaining over \$2 billion in debt relief for Guinea--has long been a goal for every former prime minister over the last several years. Even underqualified Ministers of Finance understood the basics and importance of the program. That Dadis Camara's appointee knew essentially nothing about HIPC suggests that the CNDD president ranks loyalty and absolute control of the coffers over technical competence, and sees those values as the only way to stop the state from hemorrhaging funds. It may also reflect the CNDD's overall lack of experience and knowledge with respect to government affairs. Captain Sande's appointment seems to contradict Prime Minister Komara's assertions that HIPC debt relief is critical to the country's economic wealth. In its eagerness to seal the Guinean vault, the CNDD may inadvertently close the door to substantial debt relief from the international community. END COMMENT.

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